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Daily Market Outlook

Data Back in the Driver's Seat

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- ***Waller took some heat out of September Fed hike pricing,*** *reinforcing that there is no clear Fed consensus yet and shifting the burden of proof back to incoming payrolls and inflation data.*

- ***JPY surged as markets sharply repriced BOJ tightening*** *expectations, with softer UST yields/USD, GPIF-related portfolio chatter and position unwinds amplifying the move.*

- ***Gold rebounded more than 2%*** *as reduced Fed hike bets pulled the USD and UST yields lower, partly reversing the earlier rates-driven sell-off.*

- ***IDR strengthened on softer USD/UST yields,*** *while BI Governor Destry's latest remarks reinforced policy continuity and a stability-first stance, including the need to keep Indonesian assets attractive to foreign investors.*

USD. Waller takes some heat out of September hike pricing. USD eased alongside UST yields after Fed Governor Waller leaned towards keeping rates unchanged in September should the recent disinflation trend continue.

He argued for giving "disinflation a chance", said he expects a reasonable CPI print and noted that the current policy setting could still bring inflation back towards 2%. Waller also appeared relatively sanguine about some recent inflation drivers, judging that much of the tariff impact has already passed through while higher energy prices have yet to spill meaningfully into broader prices. That said, he kept the door to a hike open, noting that policy is only slightly restrictive and that renewed inflation acceleration could still warrant tightening.

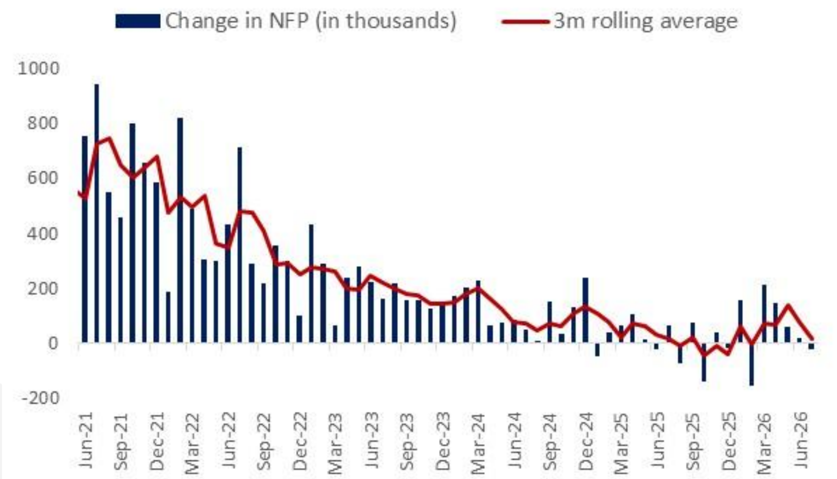
Taken together, his comments reinforce that there is no clear consensus around a September hike yet and that the burden of proof rests increasingly on the incoming data. September hike pricing subsequently slipped towards 50% (vs. 68% on 1 Sep). Payrolls tonight (830pm SGT) are the immediate focus, although next week's CPI and PPI may ultimately prove more decisive for the September decision. US markets will be close on Mon for labour day holidays.

DXY last seen at 99 levels. Mild bullish momentum on daily chart remains intact though RSI turned lower. 2-way trades likely with the bearish trend channel. Immediate support at 98.60/70 levels (50% fibo retracement of 2026 low to high), 98 (61.8% fibo). Resistance at 99.40 (21DMA, 38.2% fibo), 99.75 (100 DMA).

DXY (daily): 2-way risks within bearish trend channel

Source: Bloomberg, OCBC Group Research

Watching NFP tonight



Source: Bloomberg, OCBC Group Research

JPY. BOJ repricing fuels sharp rally. JPY extended its sharp gains, with USDJPY falling towards the mid-155 area as markets brought forward expectations for BOJ tightening (fully pricing in 25bp hike at Sep MPC). Earlier remarks made by BOJ member Takata for rate hikes to be conducted more nimbly was a key catalyst, while speculation around a possible GPIF portfolio shift towards domestic assets added to the move. The pullback in UST yields and broader USD softness also provided a supportive external backdrop, while position unwinds and earlier intervention/rate-check chatter likely amplified the move. We would be cautious about extrapolating the latest pace of JPY gains, but the combination of firmer BOJ expectations, softer UST yields and potential shifts in domestic institutional flows has turned the near-term backdrop more supportive for JPY.

USDJPY last seen at 155.70 levels. Daily momentum turned mild bearish while RSI fell. Risks skewed toward downside. Immediate support at 155 levels (23.6% fibo retracement of 2026 low to high). Decisive break below can potentially open door to further downside. Next bigger support lies at 152.20 levels (2026 lows). Resistance at 156.70 (38.2% fibo), 158 levels (50% fibo).

USDJPY (daily): Eyes on 155 Support

Source: Bloomberg, OCBC Group Research

Gold. Rebounds as Fed hike bets ease. Gold rose more than 2% towards 4510 intra-session high as Waller's comments prompted markets to pare Sept Fed hike expectations, pulling UST yields and the USD lower. The rebound partly reverses the sharp sell-off earlier in the week, when Warsh's Jackson Hole remarks and the rise in global yields had weighed on precious metals. We remain constructive, although near-term direction is likely to stay highly sensitive to Fed repricing. Payrolls tonight may drive the next move in yields and the USD, while next week's CPI and PPI should be more decisive in determining whether the recent disinflation trend is sufficient to keep the Fed on hold. Geopolitical tensions remain supportive at the margin, though higher oil prices are a two-sided risk if they feed back into inflation expectations and yields.

Gold last at 4474 levels. Mild bearish momentum on daily chart intact while RSI rose. 2-way risks with bias to buy dips. Immediate resistance at 4520/30 levels (200 DMA, 23.6% fibo retracement of 2026 low to Aug high). Decisive break may reopen room for gold to make another attempt around 4700 levels. Support at 4410 (38.2% fibo), 4360 (100 DMA).

IDR. Softer USD leads pullback; Destry reinforces stability-first. USDIDR fell, riding on a softer USD, UST yield environment. Speaking at the Sarasehan 100 Ekonom Indonesia in Jakarta on Thursday, BI Governor Destry Damayanti reinforced the stability-first message she had set out earlier in the week, stressing that policy cannot be viewed solely through the domestic inflation lens given the "higher-for-longer" global rate environment and the need to keep Indonesian assets attractive to foreign investors. Her remarks were consistent with earlier signals of policy continuity, with rupiah and macro stability remaining key priorities even as BI continues to support growth through its broader policy mix. Together with the pullback in UST yields and softer USD, this should provide some near-term support to IDR, although elevated oil prices and still-high global yields remain constraints. USDIDR closed at 17660. Momentum on daily chart is flat while RSI fell. 2-way risks still likely. Immediate support at 17620 (38.2% fibo retracement of 2026 low to high). If broken, opens way for next support at 17444 (50% fibo). Resistance at 17710 (100 DMA), 17800 levels (21 DMA).

MYR. Subdued reaction to BNM hold. BNM kept the OPR unchanged at 2.75%, as expected, but the accompanying statement carried a slightly firmer tone. BNM now expects the economy's sound fundamentals to keep growth resilient into 2027, while flagging the need to remain vigilant to cost pressures and domestic demand conditions amid elevated global commodity prices. Notably, the MPC also dropped its previous description of the current policy stance as "appropriate", retaining only that monetary policy stance remains consistent with price stability and sustainable growth. Our Economist continues to look for a normalisation of the OPR to 3.00% in Jan 2027. The relatively firm domestic backdrop should remain supportive of MYR, although near-term direction will continue to take its cue from the broader USD, risk sentiment and global rates environment.

USDMYR last seen at 4.0420 levels. Bearish momentum on daily chart faded while rise in RSI moderated. 2-way risks likely. Support at 4.0320 (100, 200 DMAs, 50% fibo), 4.02 levels. Resistance at 4.05, 4.0610 levels (38.2% fibo retracement of May low to Jun high).

INR. Bumper dollar inflows but the flow impulse should fade. USDINR gapped down in the open yesterday. It was reported that RBI's special measures attracted US$136.4bn of foreign-currency inflows, including US$127.2bn through FCNR(B) deposits. The scale of the inflows materially strengthens the RBI's FX buffer, but has also pushed banking-system liquidity to a record INR9.7tn and lifted its forward dollar liabilities to around US$137bn. With the FCNR(B) window now closed (as of 31 Aug), the exceptional near-term dollar supply should fade. Potentially, there may be more two-way management from here, with the RBI potentially using periods of INR strength to absorb USD or reduce its forward exposure rather than allowing appreciation to run unchecked. USDINR closed at 94.50 levels. Bearish momentum on daily chart intact but RSI fell to oversold conditions. Moderation in pace of decline is not ruled out. Support at 94.30 levels, 94.15 (Jun low). Resistance at 96.74 (76.4% fibo), 95.10 (61.8% fibo retracement of Jun low to Jul high).

USDSGD. Dragged lower by USD. USDSGD fell sharply towards 1.2660 intra-day low as Waller's comments prompted a pullback in UST yields and pared expectations for a Sept Fed hike. The move was largely externally driven rather than reflecting a fresh SGD-specific catalyst. USDSGD's 3m rolling correlation with DXY remains very high at around 0.94, while its rolling beta to DXY is amongst the highest across AXJ FX, underscoring its sensitivity to broader USD swings. Domestic fundamentals remain supportive nonetheless, with Singapore's August manufacturing PMI rising to 51.5 and electronics PMI to 52.6. Near term, the USD remains the more important driver, with payrolls and next week's inflation data likely to determine whether the latest USDSGD downside extends.

Pair was last at 1.2670 levels. Momentum on daily chart remains flat while RSI slipped. 2-way risks likely; sell rallies preferred. Support at 1.2650, 1.2610 levels. Resistance at 1.2740/50 levels (21DMA, 61.8% fibo retracement of 2026 low to high), 1.2790 levels (50% fibo).

USDSGD (daily): 2-way risks; sell rallies preferred

Source: Bloomberg, OCBC Group Research

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1674	163.45	1.3581	0.8221	0.7265	0.6043	1.4082	4584	1.2807	63.09	95.20
Resistance 2	1.1631	161.28	1.3537	0.8177	0.7210	0.5947	1.3977	4469	1.2762	62.82	95.07
Resistance 1	1.1609	159.99	1.3512	0.8153	0.7190	0.5899	1.3910	4425	1.2737	62.70	95.02
Spot	1.1628	155.77	1.3527	0.8076	0.7202	0.5883	1.3791	4473	1.2670	62.52	94.49
Support 1	1.1566	157.82	1.3468	0.8109	0.7135	0.5803	1.3805	4310	1.2692	62.43	94.89
Support 2	1.1545	156.94	1.3449	0.8089	0.7100	0.5755	1.3767	4239	1.2672	62.29	94.80
Support 3	1.1502	154.77	1.3405	0.8045	0.7045	0.5659	1.3662	4124	1.2627	62.02	94.66
Bollinger Band											
Bollinger Upper	1.1711	160.93	1.3662	0.8176	0.7222	0.5987	1.3975	4674	1.2829	62.69	96.00
Bollinger Lower	1.1501	157.20	1.3444	0.7979	0.7029	0.5831	1.3764	4246	1.2657	60.50	94.76

Source: Bloomberg, OCBC Group Research. Potential resistance and support levels are identified based on pivot points

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